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Law of the People's Republic of China on the Coal Industry

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CHAPTER I GENERAL PROVISIONS

Article 1 This Law is enacted with a view to rationally developing, utilizing and protecting the coal resources, standardizing the production and marketing of coal, and promoting and ensuring the development of the coal industry.

Article 2 This Law shall be applied to the production and marketing of coal within the territory of the People's Republic of China and in the sea areas under its jurisdiction.

Article 3 The coal resources are owned by the State. The State ownership of the coal resources, either on the surface or underground, shall not change with the ownership or right to use of the land which the coal resources are attached to.

Article 4 With regard to the development of the coal resources, the State shall apply the principle of unified planning, rational geographical distribution and comprehensive utilization.

Article 5 The State shall protect the coal resources according to law and forbid any indiscriminate mining which is destructive to the coal resources.

Article 6 The State shall protect the lawful rights and interests of the persons who invest in the exploitation of the coal resources according to law.

The State shall protect the sound development of State-owned coal mines.

With regard to township coal mines, the State shall adopt the policies of support, transformation, rectification, merging and upgrading, so that they shall exploit the resources in a regular and rational manner and in good order.

Article 7 Coal mining enterprises must abide by the principle of safety in production, putting safety and prevention first, and establish and improve the responsibility system for safety in production and the system of prevention and control by the masses.

Article 8 The people's governments at all levels and the relevant departments thereof and the coal mining enterprises must take measures to strengthen occupational protection so as to guarantee the safety and health of coal mine workers and staff members.

The State shall take special protective measures for miners working in underground coal mines.

Article 9 The State shall encourage and support the adoption of advanced science and technology and managerial methods in the exploitation and utilization of coal resources.

Coal mining enterprises shall strengthen and improve their operation and management and increase their productivity and economic results.

Article 10 The State shall maintain order in production and other work in coal mine areas and protect the facilities of coal mining enterprises.

Article 11 Anyone exploits or utilizes coal resources shall abide by the laws and regulations governing environmental protection, prevent and control pollution and other public hazards, and protect the ecological environment.

Article 12 The department in charge of the coal industry under the State Council shall be responsible for supervision and administration of the coal industry throughout the country according to law. The relevant departments under the State Council shall be responsible for supervision and administration of the coal industry within the limits of their respective functions and responsibilities.

The departments in charge of the coal industry and other relevant departments under the local people's governments at or above the county level shall be responsible for supervision and administration of the coal industry in their own administrative regions according to law.

Article 13 The coal mining administrations are State-owned coal mining enterprises each with the status of an independent legal entity.

The coal mining administrations and other coal mining and trading enterprises with the status of independent legal entities shall, according to law, make their own decisions regarding their operations, be responsible for their own losses and profits and be capable of expanding or contracting themselves.

CHAPTER II PLANS FOR COAL PRODUCTION AND DEVELOPMENT AND CONSTRUCTION OF COAL MINES

Article 14 The department in charge of the coal industry under the State Council shall, according to the national plan for exploring the mineral resources, work out the national plan for exploring the coal resources.

Article 15 The department in charge of the coal industry under the State Council shall, according to the coal resources designated in the national plan of the mineral resources arrange for the drawing up and execution of a plan for coal production and development.

The departments in charge of the coal industry under the people's governments of the provinces, autonomous regions, and municipalities directly under the Central Government shall, according to the coal resources designated in the national plan of the mineral resources arrange for the drawing up and execution of plans for local coal production and development and submit the plans to the department in charge of the coal industry under the State Council for the record.

Article 16 Plans for coal production and development shall be worked out in light of the needs of the national economic and social development and shall be incorporated into the plan for national economic and social development.

Article 17 The State shall formulate preferential policies to support the development of the coal industry and promote the construction of coal mines.

Coal mine construction projects shall conform with the plans for coal production and development and the policies for the coal industry.

Article 18 To establish a coal mining enterprise, the following requirements shall be met:

(1) having a feasibility study report on or mining plan for coal mine construction project;

(2) having a planned mining area, the limits of mining and a plan for comprehensive utilization of the resources;

(3) having geological, survey and hydrological data and other information needed for mining;

(4) having a mining design which meets the requirements of safety in coal mine production and of environmental protection;

(5) having a rational scale of coal mine production and the funds, equipment and technicians commensurate with such scale; and

(6) other requirements prescribed by laws and administrative rules and regulations.

Article 19 For establishing a coal mining enterprise, an application must be submitted to the department in charge of the coal industry according to law; the application shall be examined for approval in light of the requirements provided for in this Law and by the administrative department at the corresponding level with the authorization of the State Council.

Before examining and approving the application for establishing a coal mining enterprise, it is necessary for the department in charge of geology and mineral resources to verify the proposed limits of mining and the plan for comprehensive utilization of the resources and write down its comments with signature.

The coal mining enterprise that has obtained approval for establishment shall, by virtue of the document of approval, be issued the mining license by the department in charge of geology and mineral resources.

Article 20 To use land for construction of a coal mine, the coal mining enterprise shall go through the formalities in accordance with the relevant laws and administrative rules and regulations. Where it is necessary to requisition land, the enterprise shall, according to law, pay compensation for the land and for the evacuees and help the evacuees to settle down.

In construction of coal mines the principle of protecting the cultivated land and utilizing the land rationally shall be adhered to.

Local people's governments shall give support and assistance to the enterprise that uses land and has to have the residents move to another place in accordance with law for the construction of coal mine.

Article 21 In coal mines, coal exploitation and environmental control shall be synchronized. The facilities for environmental protection of a coal mine construction project must be designed, constructed, checked and accepted, and put into use simultaneously with the main project.

CHAPTER III PRODUCTION OF COAL AND SAFETY OF COAL MINES

Article 22 Before a coal mine is put into production, the coal mining enterprise shall, in accordance with the provisions of this Law, submit an application to the department in charge of the coal industry for coal production license. The said department shall examine its actual production and safety conditions before issuing to it the coal production license if the requirements prescribed in this Law are met.

Anyone who has not obtained the coal production license shall be forbidden to engage in coal production.

Article 23 The following requirements must be met for obtaining the coal production license:

- (1) having the legally obtained mining license;
- (2) having a mine production system that conforms to the mine safety rules formulated by the State;
- (3) having mine managers who have received training according to law and obtained the mine manager qualification certificates;

(4) having specially skilled workers who have received training according to law and obtained the operation qualification certificates;

(5) having a good communications system for dispatch on the surface, underground, within and out of the coal mine;

(6) having an actually measured surface and underground engineering comparison drawing, a mining and excavation plan and a ventilation system drawing;

(7) having the facilities to guarantee coal mine safety in production and environmental protection facilities, which have been proved up to the standard through the acceptance test conducted upon completion of the project; and

(8) other requirements prescribed by laws and administrative rules and regulations.

Article 24 The department in charge of the coal industry under the State Council shall be responsible for the administration of the issue of coal production licenses to the following coal mining enterprises:

(1) coal mining enterprises that are examined and approved for establishment by the State Council and those that are, in accordance with law, subject to examination and approval for establishment by the department in charge of the coal industry under the State Council; and

(2) coal mining enterprises that are established in trans-administrative regions of provinces, autonomous regions and municipalities directly under the Central Government.

The departments in charge of the coal industry under the people's governments of the provinces, autonomous regions and municipalities directly under the Central Government shall be responsible for the administration of the issue of coal production licenses to the coal mining enterprises other than those mentioned in the preceding paragraph.

The departments in charge of the coal industry under the people's governments of the provinces, autonomous regions and municipalities directly under the central Government may authorize the departments in charge of the coal industry of the cities divided into districts and autonomous prefectures to be responsible for the administration of the issue of coal production licenses.

Article 25 The government departments in charge of the administration of the issue of coal production licenses shall be responsible for supervision over and administration of coal production licenses.

Coal mining enterprises may not transfer or lease to another person the coal production licenses they have legally obtained.

Article 26 No duplicate coal production license shall be issued for mining in the same area.

Where the validity period of a coal production license expires or the coal resources within the limits of an approved mining area are exhausted, the license-issuing authority shall revoke the license and make it known to the public.

Where the production and safety conditions of a coal mining enterprise have changed and through examination have been proved not meeting the requirements prescribed by this Law, the license-issuing authority shall revoke its coal production license and make it known to the public.

Article 27 The measures for administration of coal production license shall be formulated by the State Council according to this Law.

The standing committees of the people's congresses of the provinces, autonomous regions and municipalities directly under the Central Government may according to this Law and the regulations of the State Council, formulate local measures for administration of coal production licenses.

Article 28 The State shall ensure protective mining for the special or rare types of coal which are of important value to the national economy.

Article 29 In the exploitation of coal resources, coal mining regulations must be complied with, the rational mining sequence followed and the rate of extraction set for exploiting coal resources achieved.

The rate of extraction for coal resources shall be determined by the department in charge of the coal industry under the State Council in light of the different resources and mining conditions.

The State shall encourage coal mining enterprises to carry out second mining or extract residual coal at the margins of mining areas and very thin coal seams.

Article 30 Coal mining enterprises shall exercise strict supervision, inspection and control of coal product quality. Such quality shall be graded according to the national or trade standards.

Article 31 Coal production shall be carried out within the approved limits of mining areas according to law. Mining beyond the approved limits of mining areas or seams shall be forbidden.

No safety pillars shall be mined without authorization and no dangerous methods, such as water bursting, blasting and breaking through roadways, which may threaten the production safety of adjacent coal mines shall be adopted.

Article 32 Coal mining enterprises shall be responsible for reclaiming the land, which is covered by coal or which subsides or is destroyed due to mining, to the state that it can be utilized; any losses caused to another person shall be compensated according to law.

Article 33 Coal mines shall be closed or abandoned in accordance with the relevant laws and regulations as well as the rules of the department in charge of the coal industry under the State Council.

Article 34 The State shall establish the system of accumulating funds by coal mining enterprises for changing the line of production during the declining period of coal mines.

The State shall encourage and support coal mining enterprises to develop a diversified economy.

Article 35 The State shall encourage and support coal mining enterprises and other enterprises to produce both coal and electricity, coking coal, coal chemicals and building materials made of coal and engage in deep and fine processing of coal.

The State shall encourage coal mining enterprises to develop coal washing and processing as well as comprehensive exploitation and utilization of coal bed methane, gangue, coal slime, stone coal and peat.

Article 36 The State shall develop and disseminate clean coal technology.

The State shall adopt measures to ban coke making by indigenous methods. The construction of kilns for making coke with indigenous methods shall be forbidden, and the existing kilns for making coke with indigenous methods shall be renovated within a time limit.

Article 37 The people's governments at or above the county level and the departments in charge of the coal industry under such governments and other departments concerned shall exercise strict supervision and control over coal mine safety in production.

Article 38 To ensure safety in production, the system under which the directors of coal mine administrations and the managers of coal mines assume full responsibility shall be instituted in coal mining enterprises.

Article 39 Directors of coal mine administrations, managers of coal mines and other chief leading members of coal mining enterprises must abide by the laws and regulations governing safety of mines and the safety rules and regulations for the coal industry, tighten their control over coal mines safety in

production, implement the responsibility system for safety in production and adopt effective measures to prevent the occurrence of injury, death and other accidents in production.

Article 40 Coal mining enterprises shall conduct education and training in safety in production among their employees. No one who has not received education and training in safety shall be permitted to work in a coal mine.

Employees of coal mining enterprises must abide by the laws and regulations governing safety in production, rules and regulations for the coal industry and rules of coal mining enterprises.

Article 41 When an irresistible emergency occurs which may endanger the lives and safety of the miners who are working underground in coal mines, the person in charge on the spot or other persons in charge of safety shall immediately help the miners to leave the dangerous site and report the matter to the leading members concerned without delay.

Article 42 When members of the trade unions of coal mining enterprises find that administrators of the enterprises give directions against regulations and order miners to work at risks or when they scent hidden danger of obviously serious accident which may threaten the lives and safety of workers, they shall have the right to make proposals for tackling the problem, and the administrative body of the coal mining enterprise must make prompt decision to deal with it. If the said body refuses to deal with it, the trade union shall have the right to criticism, accusation and complaint.

Article 43 Coal mining enterprises must provide the workers with the necessary articles to guarantee safety in production.

Article 44 Coal mining enterprises shall purchase work-related injury insurance and pay work-related injury insurance premiums for employees according to law. Enterprises shall be encouraged to purchase accidental injury insurance and pay insurance premiums for the employees working in underground mines.

Article 45 All equipment, facilities, explosives and safety instruments used by coal mining enterprises must meet the national or trade standards.

CHAPTER IV MARKETING OF COAL

Article 46 Coal mining enterprises which have legally obtained coal production licenses shall have the right to sell the coal they themselves produce.

Article 47 To establish a coal trading enterprise, the following requirements shall be met:

- (1) having registered capital commensurate with its marketing capacity;
- (2) having fixed premises for operation;
- (3) having the necessary facilities and coal stockyard;
- (4) having the standard measuring and quality inspection devices;
- (5) complying with the State requirements on the rational layout of coal trading enterprises; and
- (6) meeting the other requirements prescribed by laws and administrative rules and regulations.

Article 48 For establishment of a coal trading enterprise, an application must be submitted to the department designated by the State Council or by the people's government of a province, autonomous region or municipality directly under the Central Government, which shall conduct qualification examination in accordance with the provisions of Article 47 of this Law and within the limits of its

power, as authorized by the State Council to different levels of administration and grant the application if the requirements are met. By virtue of the document of approval, the applicant shall apply for a business license and may start coal trading business only after he obtains the license from the administrative department for industry and commerce.

Article 49 In the marketing of coal, coal trading enterprises shall abide by the relevant laws and regulations, improve services and ensure supply. Any illegal marketing activities shall be forbidden.

Article 50 For the marketing of coal, the intermediate links shall be reduced and unreasonable intermediate links shall be removed, and, where conditions permit, direct sale by coal mining enterprises shall be encouraged.

Customers and coal trading enterprises in coal marketing areas shall have the right to buy coal directly from coal mining enterprises. In coal production areas, coal marketing and transport service agencies may be set up to provide marketing and transport services for medium-sized and small coal mines.

Administrative departments shall be forbidden to set up intermediate agencies for coal supply and charge extra fees in violation of State regulations and without authorization.

Article 51 Railway station and port authorities engaged in coal transportation and other transport enterprises may not take advantage of the transportation capacity in their hands to take part in coal marketing business and seek improper interests.

Article 52 The price administration department under the State Council, together with the department in charge of the coal industry under the State Council and other relevant departments, shall exercise supervision and control over the price of coal.

Article 53 The quality of coal supplied to customers by coal mining and coal trading enterprises shall meet the national or trade standards. The quality of a specific type of coal shall match its grade and

price. Where customers have special requirements for coal quality, they shall have to reach an agreement with the seller in a purchase and sale contract.

Coal mining enterprises and coal trading enterprises may not adulterate coal and sell inferior coal as quality coal.

Article 54 If the quality of coal supplied by coal mining enterprises and coal trading enterprises to customers does not meet the national or trade standards or the requirements agreed upon in a contract, or the quality does not match the grade or the price, thus causing losses to customers, compensation shall be made according to law.

Article 55 Coal mining enterprises, coal trading enterprises, transport enterprises and customers shall supply, transport, and accept and unload coal according to law, the relevant regulations of the State Council or the agreement in contracts.

Transport enterprises shall put coal of different quality to be transported into different packages or stock piles.

Article 56 Unified control shall be maintained over the import and export of coal in accordance with the relevant regulations of the State Council.

After the department in charge of foreign economic relations and trade under the State Council gives its approval, large coal mining enterprises that meet the necessary conditions shall have the right to export coal.

Article 57 Measures for control of coal marketing shall be formulated by the State Council in accordance with this Law.

CHAPTER V PROTECTION OF COAL MINING AREAS

Article 58 No units or individuals may damage the installations of electric power and communications, the sources of water, the means of transportation and other production facilities in coal mine areas.

All units and individuals shall be forbidden to disrupt the order of production and other work in coal mine areas.

Article 59 Any units and individuals shall have the right to inform against or accuse persons who steal or damage the facilities and equipment in coal mine areas or commit other acts that threaten the security in coal mine areas.

Article 60 Without consent of coal mining enterprises, no units or individuals may grow plants or crops or breed animals, take soil or put up buildings or other structures on the land during the validity period for use of the land legally obtained by coal mining enterprises.

Article 61 Without consent of coal mining enterprises, no units or individuals may occupy the railways, roads, navigation channels, wharves, power lines and water supply pipes specially used by coal mining enterprises.

Article 62 Any units or individuals that wish to conduct operations within coal mining areas that may threaten safety of the coal mines must first obtain consent of the coal mining enterprises, report to the department in charge of the coal industry for approval and take safety measures.

If public utilities or other projects need to be constructed in a coal mine area, the unit concerned shall consult the coal mining enterprise and reach an agreement before it may start construction.

CHAPTER VI SUPERVISION AND INSPECTION

Article 63 The departments in charge of the coal industry and other relevant departments shall, in accordance with law, exercise supervision over and inspection of the implementation of the laws and regulations governing the coal industry by coal mining enterprises and coal trading enterprises.

Article 64 Supervisors and inspectors of the departments in charge of the coal industry and other relevant departments shall have adequate knowledge of the laws and regulations governing the coal industry, be proficient in the relevant technology, be fair and honest and enforce the law impartially.

Article 65 During supervision and inspection, the supervisors and inspectors of the departments in charge of the coal industry and other relevant departments shall have the right to inquire of coal mining enterprises, coal trading enterprises or the customers how they implement the laws and regulations governing the coal industry and look up relevant material and they shall have the right to enter a place for inspection.

The coal mining enterprises, coal trading enterprises and customers shall provide convenience to the supervisors and inspectors of the departments in charge of the coal industry and other relevant departments who are carrying out supervision and inspection according to law.

Article 66 The supervisors and inspectors of the departments in charge of the coal industry and other relevant departments shall have the right to ask the coal mining enterprises or coal trading enterprises that violate the laws and regulations governing the coal industry to make rectification according to law.

The supervisors and inspectors of the departments in charge of the coal industry and other relevant departments shall show their papers before they carry out supervision and inspection.

CHAPTER VII LEGAL LIABILITY

Article 67 If a person, in violation of the provisions of Article 22 of this Law, engages in coal production without coal production license, the department in charge of the coal industry shall order him to stop production, confiscate his unlawful proceeds and it may also impose on him a fine of not less than one time and not more than five times his unlawful proceeds; if he refuses to stop production, local people's government at or above the county level shall compel him to do so.

Article 68 If a person, in violation of the provisions of Article 25 of this Law, transfers or leases his coal production license, the department in charge of the coal industry shall revoke his coal production license, confiscate his unlawful proceeds and impose on him a fine of not less than one time and not more than five times his unlawful proceeds.

Article 69 If an enterprise, in violation of the provisions of Article 29 of this Law, fails to achieve the rate of extraction set by the department in charge of the coal industry under the State Council for exploiting coal resources, the said department shall order it to make rectification within a time limit and if it still cannot reach the rate upon expiration of the time limit, its coal production license shall be revoked.

Article 70 If an enterprise, in violation of the provisions of Article 31 of this Law and without authorization, mines safety pillars or adopts dangerous mining methods which threaten production safety of an adjacent coal mine, the labor administration department, together with the department in charge of the coal industry, shall order it to stop mining, and the department in charge of the coal industry shall confiscate its unlawful proceeds, impose on it a fine of not less than one time and not more than five times the unlawful proceeds, and revoke its coal production license; if the violation constitutes a crime, the judicial organ shall investigate its criminal responsibility; if it causes losses, it shall bear liability for compensation according to law.

Article 71 If an enterprise, in violation of the provisions of Article 48 of this Law, deals in coal without undergoing examination for approval, the department in charge of examination and approval shall order it to stop such activity, confiscate its unlawful proceeds and may also impose on it a fine of not less than one time and not more than five times its unlawful proceeds.

Article 72 If an enterprise, in violation of the provisions of Article 53 of this Law, adulterates coal and sells inferior coal as quality coal, it shall be ordered to stop selling coal, its unlawful proceeds shall be confiscated and it shall be imposed with a fine of not less than one time and not more than five times its unlawful proceeds, and its coal production license may be revoked or it may be disqualified from dealing in coal in accordance with law; if the violation constitutes a crime, the judicial organ shall investigate its criminal responsibility.

Article 73 If any units or individuals, in violation of the provisions of Article 60 of this Law and without consent of the coal mining enterprise concerned, put up buildings or other structures on the land during the validity period for use of the land legally obtained by the coal mining enterprise, the local people's government shall persuade them to pull down the buildings or other structures; if they refuse to do so, they shall be ordered to pull them down.

Article 74 If any units or individuals, in violation of the provisions of Article 61 of this Law and without consent of the coal mining enterprise concerned, occupy the railways, roads, navigation channels, wharves, power lines or water supply pipes specially used by the enterprise, the local people's government at or above the county level shall order them to make rectification within a time limit; if upon expiration of the time limit, they fail to do so, compulsory measures shall be taken, and they may also be fined not more than 50,000 yuan; and if they cause losses, they shall be liable for compensation in accordance with law.

Article 75 If any units or individuals, in violation of the provisions of Article 62 of this Law and without obtaining approval or taking any safety measures, conduct operations within coal mining areas that threaten safety of the coal mines, the department in charge of the coal industry shall order them to stop such operation and may also impose on them a fine of not more than 50,000 yuan; if they cause losses, they shall bear liability in accordance with law.

Article 76 If a person commits one of the following acts, the public security organ shall punish him in accordance with the relevant provisions in the Regulations on Administrative Penalties for Public Security; if a crime is constituted, the judicial organ shall investigate the criminal responsibility according to law:

(1) to obstruct coal mine construction, so that normal construction cannot be carried on;

(2) to intentionally damage the installations of electric power and communications, the sources of water, the means of transportation and other production facilities in coal mining areas;

(3) to disrupt the order of coal mining areas, so that coal production and other work cannot be carried on normally; or

(4) to prevent or obstruct supervisors and inspectors from performing their duties.

Article 77 If a department issues a coal production license to a coal mining enterprise that does not meet the requirements prescribed in this Law or gives approval for the establishment of a coal trading enterprise that does not meet the requirements prescribed in this Law, the competent department or the supervisory organ at the higher level shall order it to put it right and impose administrative sanctions on the person who is directly in charge and other persons who are directly responsible for the matter; if a crime is constituted, the judicial organ shall investigate the criminal responsibility according to law.

Article 78 Where administrators of a coal mining enterprise give directions against regulations and order miners to work at risk, thus causing serious casualty, they shall be investigated for criminal responsibility according to the provisions of Article 114 of the Criminal Law.

Article 79 Where administrators of a coal mining enterprise take no measures against hidden danger of accident in the mine, thus resulting in serious casualty, they shall be investigated for criminal responsibility by applying mutatis mutandis the provisions of Article 187 of the Criminal Law.

Article 80 Where members of the departments in charge of the coal industry and other relevant departments neglect their duties, engage in malpractices for selfish ends and abuse their power, they shall be given administrative sanctions; if a crime is constituted, the judicial organ shall investigate the criminal responsibility in accordance with law.

CHAPTER VIII SUPPLEMENTARY PROVISIONS

Article 81 This Law shall go into effect as of December 1, 1996.